



## Summer 2005 Newsletter

<u>Newsletter Staff</u>	<u>Table of Contents</u>			
Stephanie Bernard & Travis Hoadley <i>Editors</i>	<i>Director's Message</i> .....	Pg. 1	<i>CAFTA-DR</i> .....	Pg. 5
	<i>Recent Trade Leads</i> .....	Pg. 2	<i>Trade Specialist Profile</i> .....	Pg. 6
	<i>Exporting to China Conference</i> .....	Pg. 3	<i>Michael Lally Concludes Assignment</i> .....	Pg. 7
	<i>Market of the Month: North Korea</i> .....	Pg. 4	<i>Farewell Message from Network Director</i> ....	Pg. 7
	<i>2005 Seoul International Air Show</i> .....	Pg. 4	<i>Tools of the International Trade</i> .....	Pg. 8
	<i>Increase in 2004 PA Exports</i> .....	Pg. 5	<i>Upcoming Trade Events</i> .....	Pg. 8

### A Message from Michael Lally



*Director, Philadelphia  
USEAC*

#### What to do About China?

The business press has kept a close eye on China, but the sharp debate on the pros and cons of an emerging Chinese economic power leaves many befuddled. What are the benefits and risks of being in the world's largest (by population) market? Should my export business focus on China now, or let things settle down? How do I get started in China? These and other questions were addressed in the May 19th, 2005 Exporting to China, Seizing Opportunity and Managing Risk conference, co-organized by the Philadelphia U.S. Export Assistance Center and the Mid-

Atlantic District Export Council. A distinguished panel left an audience of nearly 200 businesses with three key takeaways:

- China is one of the toughest, but fasting growing markets in the world
- While there is much ado about Chinese imports into this country, China was the fastest growing market for U.S. exports in 2004, with a 38% increase for Pennsylvania exporters alone to \$567 million in Made in the Commonwealth products and services.
- You need help to get into China. Consult knowledgeable people with on the ground experience, including the U.S. Commercial Service

Our office has seen an uptick in China inquiries in 2004 and 2005, however we counsel caution and due diligence to firms looking at this new market. U.S. exporters need to determine if their Chinese importer has a license to conduct foreign trade and pay in dollars. Firms need to review and

re-verify banking arrangements with their own institution to prevent numerous obstacles that come up on Chinese letters of credit. This office works closely with the U.S. Department of Commerce's [China Business Information Center](#) to help small and medium size companies make sales in China. Before giving us a call to learn more about the China market, take a few minutes to review the recent [web cast of Craig Allen](#), our Managing Director in Beijing, who tells us about the prospects and pitfalls of doing business in China.

One thing is clear: as a business, your firm needs to understand China -- and the sooner the better. We look forward to helping you achieve sales in China and in the other eighty countries where we live and work.

*For more information on Exporting to China, Seizing Opportunity and Managing Risk, please see page 3.*

### Recent Trade Leads

#### **Over the Counter Products and Medications**

*Israel:* A local pharmaceutical company is interested in finding manufacturers of over-the-counter products, including nutraceuticals, food-supplements, cosmeceuticals, homeopathic products, pharmaceuticals (Rx), medical devices, or contact lenses solution. They would like to build a relationship with manufacturers who have a certificate of free sale and good manufacturing practice (GMP) certificate, issued either by the FDA or by a state level authority. Will purchase vitamins in bulk.

For information on this lead, please contact [Stephanie.Bernard@mail.doc.gov](mailto:Stephanie.Bernard@mail.doc.gov)

#### **Pepper Spray**

*Fukuoka, Japan:* Company seeks various kinds of pepper spray for safety and

security uses. This company hopes to purchase red pepper spray with density as 15%, 17% and 20% with value at \$3,000 (1,000 bottles) each time. They are interested in various sizes including 10g Pen type, 1/2 oz. Holster & Keyring, 9 oz. Fire Master Handle.

For information on this lead, please contact [Terez.Wood@mail.doc.gov](mailto:Terez.Wood@mail.doc.gov)

#### **Water Treatment and Desalination Opportunities**

*Dalian, China:* Shide Group's JV with Saudi Arabia's Saudi Basic Industries Corporation (SABIC) proposes to build a \$5 billion petrochemical plant in Dalian capable of processing 10 million tons of crude annually to produce 1 million tons of ethylene, as well as varied amounts of other petrochemicals. The project is likely to receive a \$870,000 feasibility study grant from the U.S. Trade Development Agency.

The project would include its own power generation, desalination and waste water treatment facilities, all of which represent potential markets for U.S. exporters. The project is awaiting NDRC approval.

For information on this lead, please contact [Janice.Barlow@mail.doc.gov](mailto:Janice.Barlow@mail.doc.gov)

#### **New and Refurbished Chainsaws, Trimmers & Edgers**

*Uruguay:* Agroinsumos is a major Uruguayan dealer of agricultural related equipment. Products range from solar panels, to electrified fences, to pumps and generators, agricultural chemicals, etc. Agroinsumos has a forest and garden division that is requesting quotations from U.S. manufacturers of new (or refurbished) chain saws, trimmers, and edgers. They are requesting new and refurbished chainsaws and similar equipment; chainsaws should be over 20 c.c.

For information on this lead, please contact [Samuel.Cerrato@mail.doc.gov](mailto:Samuel.Cerrato@mail.doc.gov)

### **Opportunity for Rubber Products and Composite Silicon Insulators**

*Chennai, India:* Deccan Enterprise Pvt. Ltd operates within the business sectors such as railways, construction, pipe, and consumer products. Deccan is working closely with Indian Railways in developing new products such as rail pads, UIC vestibules, upper/lower rubber washers, elastomeric pads, buffer springs, rolling springs, and bridge bearings. For the consumer market, Deccan manufactures anti-slip mats for bath tub and shower areas, sink mats and drain board for kitchen.

Currently, Deccan is looking for U.S. companies engaged in composite silicon insulators for high voltage transmission. Deccan has the necessary infrastructure for importing, and distributing the products. Deccan is financially strong and commands a good reputation in the Indian market.

For information on this lead, please contact [Paul.Gaspari@mail.doc.gov](mailto:Paul.Gaspari@mail.doc.gov)

### **100% Lightweight Woven Cotton Fabric**

*Ghana:* Company is searching for a reliable manufacturer producing lightweight woven 100% white cotton fabric to be used for batiking (68X68 density). The company has financial sources in place to meet the minimum required purchase from a manufacturer. Orders are estimated to be larger and more frequent after initial purchase.

For information on this lead, please contact [Amy.Ryan@mail.doc.gov](mailto:Amy.Ryan@mail.doc.gov)

These leads are only a sample of the trade leads we get on a daily basis. For more

information, please **contact** a Trade Specialist at **(215) 597-6101**.

### **Exporting to China: Seizing Opportunities and Managing Risk**

On May 19<sup>th</sup> and 20<sup>th</sup> at The Westin Hotel Philadelphia, the Philadelphia U.S. Export Assistance Center, in partnership with the Mid-Atlantic District Export Council (DEC) and many sponsors hosted a seminar focusing on the opportunities and challenges that exist when exporting to the Chinese market.

The importance of the Chinese market prompted both the organization of this seminar and the attendance of over 200 business professionals and conference presenters. Attendees were part of a two day training and networking opportunity that featured public and private sector presentations on the Chinese market, market entry strategies, and industry lessons learned. In addition, trade specialists from the Philadelphia USEAC coordinated one-on-one meetings with selected speakers on key aspects of doing business in China, including: Legal Issues, Due Diligence, Banking Solutions, Shipping and Logistics, Operations and Marketing, and the new China Business Information Center.



*Government industry panel addresses participants*

Response to the event was overwhelmingly positive, and currently, trade specialists are assisting companies based on information gained from one-on-one counseling sessions.

For more information about exporting to China, please contact a Philadelphia trade specialist or visit the China Business Information Center online:

<http://www.export.gov/china/>

### Market of the Month – South Korea



#### Country Snapshot:

- **National Capital:** Seoul
- **Population:** 48.3 million
- **Land Area:** 98,480 sq km (slightly larger than Indiana)
- **Per Capita GDP:** USD 17,700 (PPP - 2003)
- **Real GDP Growth:** 4.0% (est. 2005)
- **U.S. Exports to Korea:** USD 26.33 billion (2004)
- **Korea's Imports:** USD 224.44 billion (2004)
- **U.S. Share of Korea's Imports:** 13%

Though South Korea is the 11th largest economy in the world, it ranks 3<sup>rd</sup> among East Asian countries. With this dynamic economy, South Korea serves as the United States' 7<sup>th</sup> largest export market in general, and 5<sup>th</sup> for high technology goods and agricultural products.

South Korea is a very modern country with an excellent transportation infrastructure, modern architecture, highly advanced telecommunications and excellent hotels. Although the country appears to be very westernized, it remains very traditional. South Koreans have a great respect for family, age and hierarchy, and such elements should certainly be considered when selling to this market.

**Best Prospects** for U.S. Exporters currently exist in the following sectors:

- *Automotive Parts and Accessories*
- *Broadcasting Service and Equipment*
- *CNC Machine Tools*
- *Cosmetics*
- *Defense Industry Equipment*
- *Drugs and Pharmaceuticals*
- *Education and Training Services*
- *Electrical Power Systems*
- *Engineering Services*
- *Franchising*
- *Medical Equipment and Devices*
- *Pollution Control Equipment*
- *Radio Frequency Identification Technology*
- *Security Services and Products*
- *Specialty Chemicals*

To learn more about the Korean market please visit:

<http://www.buyusa.gov/korea/en/>

### 2005 Seoul International Air Show



In response to increased international interest in this Market of the Month, Philadelphia

International Trade Specialist Paul Gaspari and other members of the Commercial Service's Aerospace and Defense Team are coordinating an Aerospace Executive Service Event (AES) at the upcoming Seoul International Air Show (October 18-23, 2005).



The South Korean aerospace and defense markets are growing at an unprecedented pace. In 2005 alone, the Korean government extended several aerospace and defense tenders amounting to over 20 billion dollars. The Aerospace Executive Service (AES) at the Seoul International Air Show is an exclusive opportunity to meet key industry leaders and government decision makers and gain entry into this market.

In 2005, it is expected that 300 exhibitors from 30 countries will participate in the show as well as tens of thousands of visitors. These attendees and visitors will include government officials, senior company managers, and high-level executives involved in the aerospace and defense markets in Korea and Asia.

The AES at the Seoul International Air Show is a great business opportunity offering outstanding services to U.S. companies including booth space, pre-scheduled business meetings, individual company promotions, pre-show outreach, and all the amenities available in the official U.S. Pavilion.

For more information about this event, please contact: [Paul.Gaspari@mail.doc.gov](mailto:Paul.Gaspari@mail.doc.gov)

### **Increase in 2004 PA Exports**

Recently-released data shows Pennsylvania exports increased 13 percent in 2004 over the previous year, reaching \$18.5 billion last year.

Pennsylvania exports increased to many of the state's top destinations, including China (38 percent); Belgium (88 percent); India (18 percent); South Korea (36 percent), Hong Kong (28 percent); and Brazil (41 percent). Several other Pennsylvania export destinations posted solid gains as well.

"Ninety-five percent of the world's consumers live outside of the United States, and more Pennsylvania companies are looking to increase their bottom line by making new sales abroad," said Philadelphia USEAC Director Michael Lally. "Exporting helps companies grow and compete by enabling them to diversify their portfolios and weather changes in the domestic economy."

The Bush Administration has pressed forward bilaterally, regionally, and multilaterally to expand trade and the economic opportunities that it creates for all Americans. Among these are the U.S. free trade agreements with Singapore, Chile, and Australia that have reduced or eliminated trade barriers and opened doors for more sales of U.S. goods and services to those countries. Negotiations have also concluded on a U.S.-Central American Free Trade Agreement (CAFTA-DR) involving Costa Rica, Honduras, Guatemala, El Salvador, Nicaragua, and the Dominican Republic.

For more information concerning this development, please see the related story published in the Philadelphia Business Journal:

<http://www.bizjournals.com/philadelphia/stories/2005/06/20/daily15.html?GP=OTC-MJ1752087487>

Must be a subscriber to view article. Sign-up is free and takes 30 seconds.

### **CAFTA-DR: Helping America compete in a Global Economy**

The Central American –Dominican Republic Free Trade Agreement (known as CAFTA) is a tentative agreement between the U.S. and five Central American nations. The nations are Guatemala, El Salvador,

Honduras, Costa Rica, Nicaragua and the Dominican Republic. The CAFTA-DR mission is to eliminate tariffs and quotas as well as lower many of the bureaucratic requirements in order to attract companies to do business with these nations. CAFTA-DR has also been rumored to be a springboard to the Free Trade Area of the Americas (FTAA), which would include 34 world economies:

[http://www.ftaa-alca.org/alca\\_e.asp](http://www.ftaa-alca.org/alca_e.asp)



For years the United States has exported to the CAFTA-DR countries and have paid hefty tariffs. This agreement would immediately eliminate many of those tariffs saving nearly \$1 billion per year in foreign taxes on U.S. manufactured goods and farm products.

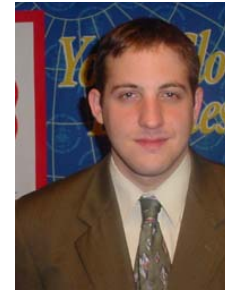
CAFTA-DR is reportedly going to boost manufacturing exports by \$1 billion a year. The agreement will generate improved economic development in those regions, which will subsequently lead to larger demand for US products.

Though, there has been some resistance and opposition to this agreement, a ruling on the agreement could bring a 4<sup>th</sup> of July celebration.

For more information about this article please contact Terez Wood at (215) 597-6105 or by e-mail at [Terez.Wood@mail.doc.gov](mailto:Terez.Wood@mail.doc.gov)

## Trade Specialist Profile

**Paul Gaspari**  
*Architecture,  
Construction &  
Engineering,  
Aerospace &  
Defense*



As a Temple University graduate with degrees in International Business and Marketing and a minor in Japanese, Paul Gaspari was well equipped when he began working as an International Trade Specialist a year ago. Since starting, he has done great things for Eastern Pennsylvania's aerospace and defense companies as well as Montgomery County.

Paul is a core member of the Aerospace and Defense team within the Commercial Service. As such, he had the opportunity to attend the annual team meeting held in Las Vegas to learn about industry trends and network with Commercial Service colleagues from across the nation and around the world. In addition, he will continue to work with the team to organize high-value industry events, keep up to date with trends and regulations, and assist U.S. companies at trade shows.

This team membership in conjunction with his background in Japanese made Paul more than qualified for a temporary duty assignment in Japan. He will leave July 6 to spend a little more than a month with the Commercial Service in Nagoya and Tokyo. While there, he will assist U.S. exporters attending the ABACE Show in Shanghai, China – the largest aerospace show in China. He will also be assisting in arranging one-on-one appointments for U.S. aerospace companies and Japanese Government officials with the goal of facilitating cross-cultural discussions on how Japan can relax regulations to promote

the growth of business aviation. Lastly, he will assist the Nagoya office with their presence at this year's World's Fair.

Back on the home front, Paul has been working on a trade mission to the Seoul International Air Show in Seoul, South Korea running October 18-23, 2005. The trade mission offers aerospace companies booth space at the show, the opportunity to make a presentation of their products and services to attendees at the show, and placement on the Korean website. Paul noted, "This mission is happening at an opportune time – the Korean government recently released plans for an overhaul of aerospace and defense over the next 3-5 years, so that means government procurement agents will likely be at the show."

Paul has done great work with outreach for aerospace and defense, and his future plans include strong outreach to the architecture/construction/engineering industry. Paul has proved to be a great asset to U.S. exporters in Eastern Pennsylvania, and will continue to do so both here and in Japan.

**Mr. Gaspari** can be contacted at **(215) 597-6104** or by e-mail at [Paul.Gaspari@mail.doc.gov](mailto:Paul.Gaspari@mail.doc.gov)

### **USEAC Director Mike Lally Concludes Philadelphia Assignment; Next Stop is Mexico City**



USEAC Philadelphia Director Michael Lally will complete his current assignment in August 2005, in preparation for his next posting to the U.S. Embassy's Commercial Service in Mexico City in Summer 2006 where he

will be Deputy Managing Director of a four-office in-country presence to help American firms make sales in the Mexican market. "The Greater Philadelphia region has a dynamic economy well-suited for international sales, and I look forward to working with firms from our service area to establish a sales presence in Mexico," added Mr. Lally. Michael's previous postings include Ukraine, Kazakhstan, Azerbaijan and Afghanistan. A new USEAC Director is expected to be announced in Fall 2005.

### **A Farewell Message from the Network Director**

As we prepare for a transition in leadership at the Philadelphia USEAC, I would like to personally thank Mike for the energy and commitment he brought to the Philadelphia USEAC and its mission to help U.S. small and medium sized companies grow their export sales. Over the past two years Mike has leveraged off his substantive knowledge and rich experience from previous overseas assignments to place the Philadelphia USEAC on a sustainable course of excellence for many years to come.

In fact, it was recently announced that, under Mike's leadership, the Philadelphia USEAC has been recognized by the Department of Commerce as a finalist for the International Trade Administration's Bronze Medal Award for 'the outstanding ITA organization for 2004-05'. This prestigious award is highly sought after and coveted by ITA offices around the world, and I congratulate Mike and the entire USEAC team for their outstanding export promotion performance and responsiveness to Departmental goals.

We wish Mike the very best as he enters language training in preparation for his next assignment to Mexico City in 2006. While we say farewell to Mike in his current role

as USEAC Director, we look forward to working together again on behalf of Pennsylvania and Delaware firms seeking to penetrate the opportunity-rich Mexican marketplace.

*Joe Hanley  
Mid-Atlantic Network Director*

### **Tools of the International Trade**

#### **Common Questions about Translation and Interpretation Services**

**So many business people speak English around the world. Do I really need to translate information on my product and/or service?**

*Yes. If your objective is to market to a key foreign partner or potential distributor, it is wise to have your company information translated into the local language. While English is widely spoken overseas, English is not often spoken at second and third management levels in foreign firms. This is often where purchasing decisions are made.*

**What is the difference between translation and interpretation?**

*Translation is in written form and is the process of translating the meaning of text or words in one language into another language. Interpretation is in oral form and is used when listening to someone speak orally and interpreting it in a desired language. For example, interpreters are often used to translate at conferences, while technical quotes and specifications are translated into written form.*

**Question: How much do translation and interpretation services cost?**

*Each translation and interpretation engagement is different and many companies charge different prices per service. On average, translation services are charged per word and can range from \$0.27cents to \$0.50 cents depending on the language and the complexity of the*

*material. Urgent orders are charged at a higher rate. Many interpretation companies quote a minimum of \$75.00, including an on site interpreter for a minimum of one to two hours.*

**Find out how we can help you with translation services by contacting**  
[terez.wood@mail.doc.gov](mailto:terez.wood@mail.doc.gov).

### **Upcoming Events**

#### **Complying with U.S. Export Controls Atlantic City, NJ September 20-21, 2005**

The two-day program is led by Business and Industry Security (BIS) professional counseling staff and provides an in-depth examination of the Export Administration Regulations (EAR). The program will cover the information exporters need to know to comply with U.S. export control

**For more details on this event or to register on-line please visit**  
<http://www.buyusa.gov/philadelphia/exportcontrols.html>